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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION OF
RED ROCK UTILITIES, L.L.C. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER AND
WASTEWATER SERVICE TO A PORTION OF
PINAL COUNTY.

DOCKET NO. WS-04245A-04-0184

DECISION NO. 67409**OPINION AND ORDER**

DATE OF HEARING:

September 2, 2004

PLACE OF HEARING:

Tucson, Arizona

ADMINISTRATIVE LAW JUDGE:

Jane L. Rodda

APPEARANCES:

Ms. Mary Beth Savel, LEWIS & ROCA,
LLP, on behalf of Red Rock Utilities,
Inc.; and

Mr. David Ronald, Staff Attorney, Legal
Division, on behalf of the Utilities
Division of the Arizona Corporation
Commission.

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACTProcedural History

1. On March 10, 2004, Red Rock Utilities, L.L.C. ("Red Rock," "Company" or
"Applicant") filed an Application for a Certificate of Convenience and Necessity ("Certificate" or
"CC&N") with the Commission to provide water and wastewater service in Pinal County, Arizona.

2. On April 8, 2004, Commission Utilities Division Staff ("Staff") docketed notification
to the Company that its application did not meet the sufficiency requirements of A.A.C. R14-2-502.

3. Red Rock provided additional materials related to the application on April 1, 12, and 26, 2004.

4. On June 2, 2004, Staff docketed notification to the Company that its application met the sufficiency requirements of A.A.C. R14-2-502.

5. By Procedural Order dated June 18, 2004, the matter was set for hearing in Tucson, Arizona on September 2, 2004.¹

6. On June 23, 2004 and September 8, 2004, Red Rock provided a Certificate of Mailing and Amended Certificate of Mailing, respectively, indicating that the Company had mailed notice as required by the June 18, 2004 Procedural Order to all property owners within its proposed water and wastewater service areas.

7. On August 20, 2004, Staff filed its Staff Report and recommended approval of the application with conditions.

8. On August 30, 2004, Red Rock filed a Response to the Staff Report.

9. The hearing convened as scheduled on September 2, 2004, at the Commission's Tucson offices. Mr. Mark Weinberg, Vice President of Development for Diamond Ventures, Inc. and project manager for Red Rock, testified on behalf of the Applicant. Mr. Jim Fisher testified for Staff.

Background

10. Red Rock is an Arizona Limited Liability Company (“LLC”) in good standing with the Commission’s Corporation Division. Diamond Ventures, Inc. is the Company’s sole member. Dr. Donald Diamond is the majority shareholder of Diamond Ventures, Inc. Dr. Diamond is also the majority shareholder of Spanish Trail Water Company and Saguaro Water Company, both of which are in regulatory compliance.

11. Red Rock was formed to provide utility service to Red Rock Village, a planned mixed use community located in southern Pinal County, approximately 13 miles north of Marana on Interstate 10. The proposed development includes property located on the east and west of the

¹ By Procedural Order dated August 16, 2004, the Hearing Division granted Staff's Motion to extend the deadline for filing its Staff Report. The Company was also given additional time to file its response.

1 Interstate. The developer, Diamond Ventures, Inc. anticipates the project being developed over a 10
2 year period.

3 12. Red Rock Village has obtained Pinal County zoning for the Planned Area
4 Development. To the east of the Interstate, the development will include commercial and industrial
5 uses. On the west of the Interstate, Red Rock Village will be a mixed use of medium density single
6 family homes, commercial, manufactured housing, recreational vehicle sites, schools and parks. The
7 development is intended to include approximately 3,800 dwelling units on 1,292 acres. Development
8 is planned in at least six phases.

9 13. Diamond Venture Inc., the master developer, intends to prepare block plats for the six
10 development phases and then sell the block-platted property to individual developers/home builders
11 who will in turn prepare and submit subdivision plans for individual subdivisions within Red Rock
12 Village for Pinal County approval.

13 14. A description of the requested certificated areas for the water and wastewater services
14 is attached hereto as Exhibit A, and incorporated herein by reference.

15 15. A portion of the requested certificated area was located within an area previously
16 certificated to Red Rock Water Company in Decision No. 41719 (November 19, 1971). The
17 Applicant provided evidence by means of the affidavits of former corporation officers of the Red
18 Rock Water Company that: 1) the corporation is defunct and has no assets; 2) its county franchise has
19 lapsed; and 3) it withdraws no water, and does not offer service to the public. Mr. Thomas Knall, as
20 former President of Red Rock Water Company, signed an Assignment and Transfer of the service
21 area and service area rights.

22 16. Staff recommends that because Red Rock Water Company is no longer acting as a
23 public service company, is not offering service to the public, and is not current in its regulatory
24 filings, its CC&N should be cancelled.

25 The Water System

26 17. Red Rock commissioned the Tucson consulting firm of the WLB Group to develop a
27 water system master plan. The master plan estimated water demand from all six phases through
28 build-out and delineated design parameters for the wells, water storage, major water transmission-

1 mains, and pressure zone boundaries. The engineering firm of Westland Resources performed a
2 preliminary hydrological investigation of potential water quantity and quality. The hydrological
3 report indicates that water production wells could likely be developed which would meet the quality
4 standards of the Safe Drinking Water Act and which would provide sufficient capacity to serve the
5 development.

6 18. Staff believes that, based on its review of the information presented by the Company,
7 Red Rock can develop and construct adequate water storage and production to serve its anticipated
8 customer base.

9 19. The U. S. Environmental Protection agency ("EPA") has reduced the arsenic
10 maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") to 10
11 µg/l. The date for compliance with the new MCL is January 23, 2006. Red Rock's production
12 sources have not been established, however investigations to date indicate that the expected arsenic
13 level will not exceed the new standard.

14 20. Staff recommends that the Company be required to file a report on the actual arsenic
15 levels of its production wells within 365 days of any decision in this matter.

16 21. The Company will be located within the Tucson Active Management Area and will be
17 subject to reporting and conservation requirements.

18 22. Red Rock is requesting initial water rates comprised of a monthly minimum of \$25.00,
19 with a two tiered rate structure. Staff recommends the same monthly minimum for the 5/8 inch
20 meter, and a three tiered rate structure which Staff believes will encourage conservation. A copy of
21 the Company-proposed and Staff-recommended water rates are attached hereto as Exhibit B, and
22 incorporated herein by reference. The Company agreed to adopt Staff's recommended rates and
23 charges.

24 23. Red Rock requested hook-up fees designed to fund a portion of the offsite water
25 infrastructure. Consistent with Commission policy to not approve hookup fees for a new utility, Staff
26 recommends denial of the request.

27 24. The Company's schedules as adjusted by Staff, project water revenue of \$75,236
28 producing an operating loss of \$22,866 in the first year of operation. In the third year of operations,

1 the Company estimates water revenues of \$389,839, producing operating income of \$64,334. In the
2 fifth year, the Company projects water revenues of \$682,204 producing operating income of
3 \$142,903. The Company's projections, as adjusted by Staff, indicate that after the first year of
4 operations it will have net plant in service of \$1,744,473, less deductions of \$252,147 for Advances
5 in Aid of Construction, plus working capital of \$6,009, for a total rate base of \$1,498,335. Staff
6 concurs that the Company's projections and underlying assumptions are reasonable. Staff
7 recommends an initial Fair Value Rate Base of \$1,498,335 for the Company's water system.

8 25. Pursuant to the Company's water service, Staff further recommends that the
9 Certificate of Convenience and Necessity to provide water service be subject to the following
10 conditions:

- 11 (a) That the Commission authorize Red Rock to charge Staff's
recommended water rates and charges shown on Exhibit B;
- 12 (b) That the Commission require Red Rock to docket a tariff consistent
13 with the rates and charges authorized by the Commission within 30
days of the decision in this matter;
- 14 (c) That the Commission require Red Rock to docket a backflow
15 prevention and curtailment tariff in Docket Control within 60 days of
any decision in this matter;
- 16 (d) That the Commission require Red Rock to file a rate application no
17 later than three months following the fifth anniversary of any decision
in this matter;
- 18 (e) That the Commission require Red Rock to docket a copy of the ADEQ
19 Approval to Construct in Docket Control within 12 months of any
decision in this matter;
- 20 (f) That the Commission require Red Rock to docket a report on the
21 arsenic levels of the production wells in Docket Control within 365
days of any decision in this matter;
- 22 (g) That the Commission require Red Rock to docket a copy of the
23 developer's Certificate of Assured Water Supply for the requested
24 area, within 24 months of any decision in this matter where applicable
or when required by statute;
- 25 (h) That the Commission require Red Rock to maintain its books and
26 records in accordance with the NARUC Uniform System of Accounts
for Water Utilities;
- 27 (i) That the Commission require Red Rock to notify the Director of the
28 Utilities Division within 30 days of initiating service to customers in
the proposed service area;

1 (j) That the Commission authorize Red Rock to use the depreciation rates
as filed; and

2 (k) That the Commission's Decision granting this Certificate of
3 Convenience and Necessity for water service be considered null and
4 void without further order from the Commission should Red Rock fail
to meet conditions b, c, e and f within the time specified.

5 26. Red Rock requested that Staff's recommendations that the Company file copies of the
6 ADEQ Approval to Construct within 365 days and the developer's Certificates of Assured Water
7 Supply ("CAWS") within 24 months of the date of this Decision, be modified to take into account the
8 extended timing and practical reality of a phased master-planned development. As the phases are
9 developed, individual subdivision developers will construct the on-site infrastructure for individual
10 subdivisions and will be required to obtain ADEQ Approvals to Construct that on-site infrastructure.
11 Thus, Red Rock will not be able to obtain ADEQ Approvals to Construct the on-site water utility
12 system improvements within 12 months. Red Rock and the Master Developer intend to obtain an
13 Approval to Construct the off-site water facilities within 12 months of a decision in this matter. Red
14 Rock requests that it be permitted to file ADEQ Approvals to Construct for on-site water facilities
15 along with the line extension agreements that are entered into as development proceeds. The line
16 extension agreements will include the legal descriptions for the area covered by each ADEQ
17 Approval to Construct. In addition, instead of requiring Red Rock to file a copy of the developer's
18 Certificate of Assured Water Supply, the Company requests that it be permitted to file a copy of its
19 Analysis of Assured Water Supply approved by the Arizona Department of Water Resources
20 ("ADWR") within 24 months, and subsequently file copies of the CAWS issued to individual
21 subdivision developers for individual subdivision plats as the development proceeds.²

22 27. Staff concurred with the Company's proposed procedures for filing the Approvals to
23 Construct and the Certificates of Assured Water Supply.

24 Wastewater System

25 28. Red Rock commissioned the WLB Group to develop a wastewater system master plan.

26 ² The Commission recently approved this procedure in Decision No. 66745 (January 20, 2004) in approving a CC&N
27 extension for Voyager Water Co. ADWR will issue a CAWS only for a development consisting of subdivided land.
28 ADWR issues an Analysis of Assured Water Supply for land that is not specifically subdivided. The Analysis directs and
anticipates that developers will apply for a CAWS for individual plats. In granting a CAWS, ADWR relies on the
Analysis as establishing that the requirements for assured water supply remain satisfied.

1 The master plan identified land use, housing density, service areas, estimated sewage flows, location,
2 capacity, and phasing of the sewage treatment plant, the alignment and site of major sewer
3 interceptors, and the ultimate use and disposal of wastewater effluent. The wastewater master plan
4 was sufficiently comprehensive so that it could serve as the Central Arizona Associations of
5 Governments ('CAAG') Section 208 plan.³ The wastewater master plan was approved by the
6 Arizona Department of Environmental Quality on March 22, 2004.

7 29. Red Rock plans to ultimately construct a 1.5 million gallon per day sequencing batch
8 treatment facility. The treatment plant will provide tertiary treatment, with de-nitrification and
9 disinfection. Effluent disposal will be provided by landscape irrigation of parks, riparian areas,
10 greenbelts and other turf areas.

11 30. After reviewing the wastewater master plan, Staff concluded that the wastewater
12 treatment facility and its service areas are consistent with the approved Section 208 Area-wide
13 Management Plan and that Red Rock can design and construct adequate wastewater collection,
14 treatment and disposal facilities to serve the anticipated customer base. The Company will need an
15 Aquifer Protection Permit from ADEQ prior to the construction and operation of the wastewater
16 treatment facility.

17 31. Red Rock is requesting initial wastewater rates comprised of a monthly minimum of
18 \$39.50. The Company is also seeking authorization to charge \$300 per acre foot of treated effluent.
19 A copy of the Company's proposed wastewater rates is attached as Exhibit C, and incorporated
20 herein by reference. Staff recommends adopting the Company's proposed wastewater rates and
21 charges, except that Staff did not recommend adopting the Company's proposed wastewater hook-up
22 fee.

23 32. Red Rock's wastewater rates consist of a flat monthly rate. In general, all customers
24 in a class are charged the same amount regardless of how much that customer taxes the system.
25 However, for Red Rock's water rates, we adopt a tiered rate design that requires customers who use
26 more water to pay more. We find that this encourages water conservation. Some municipal systems

27 ³ Under section 208 of the Clean Water Act, each state is required to develop and implement area-wide water quality
28 management plans for pollution control. The CAAG is designated by the Governor and the EPA as the area wide water
quality management planning agency for Pinal County.

1 bill their wastewater customers based on the amount of water they use. To determine if tiered
2 wastewater rates based on water consumption would be an appropriate rate design, we will require
3 Red Rock to include a proposal in its next rate case filing that will present information on 1) whether
4 wastewater rates based on water consumption encourage water conservation; 2) whether higher bills
5 for those who use the system more is a fairer way to collect revenue and 3) what tiered wastewater
6 rates based on water consumption would look like compared to a flat rate design.

7 33. Red Rock provided pro forma revenue and expense projections for the wastewater
8 division, which Staff believes are reasonable. The Company projects an operating loss of \$11,719
9 on revenues of \$61,249 for the first year. In the third year, the Company projects wastewater
10 revenues of \$300,710 yielding an operating loss of \$17,632. In the fifth year, the Company estimates
11 wastewater revenues of \$582,413, producing operating income of \$48,127. The Company's
12 projections, as adjusted by Staff, indicate that after the first year of service it will have an Original
13 Cost Rate Base for its wastewater operations of \$4,657,304. Staff recommends that the Commission
14 approve an initial wastewater Fair Value Rate Base of \$4,657,304.

15 34. Staff further recommends that the Certificate of Convenience and Necessity to provide
16 wastewater service be subject to the following conditions:

- 17 (a) That the Commission require Red Rock to docket a tariff consistent
18 with the rates and charges authorized by the Commission in docket
19 control within 30 days of the decision in this matter;
- 20 (b) That the Commission require Red Rock to docket a copy of the ADEQ
21 Aquifer Protection Permit in docket control within 24 months of any
22 decision in this matter;
- 23 (c) That the Commission require Red Rock to file a rate application no
24 later than three months following the fifth anniversary of any decision
25 in this matter;
- 26 (d) That the Commission require Red Rock to maintain its books and
27 records in accordance with the NARUC Uniform System of Accounts
28 for Wastewater Utilities;
- (e) That the Commission require Red Rock to notify the Director of the
Utilities Division within 30 days of initiating service to customers in
the proposed service area;
- (f) That the Commission authorize Red Rock to use the depreciation rates
as filed; and

1 (g) That the Commission's Decision granting this wastewater Certificate
2 of Convenience and Necessity to Red Rock be considered null and
3 void without further order from the Commission should Red Rock
4 Utilities, L.L.C. fail to meet Conditions a and b within the time
5 specified.

6 35. Pinal County granted Red Rock a county franchise for its service area.

7 36. Staff further recommends that the Commission cancel the CC&N of Red Rock Water
8 Company in Decision No. 41719 (June 1971).

9 37. Diamond Ventures, Inc. has substantial real estate assets under development in
10 Arizona, has experience as the master developer of numerous developments and has successfully
11 started and operated various regulated public service corporations for many years. Diamond
12 Ventures, Inc. has the financial and managerial strength to operate Red Rock.

13 38. Diamond Ventures, Inc. is the sole member of the Red Rock L.L.C. Given our
14 reliance on the expertise and financial strength of Diamond Ventures, Inc., it is reasonable that Red
15 Rock notify the Commission prior to any change in its ownership or managerial control and shall
16 provide proof of a performance bond in the amount of \$250,000 within 30 days of such change.

17 CONCLUSIONS OF LAW

18 1. Red Rock is a public service corporation within the meaning of Article XV of the
19 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

20 2. The Commission has jurisdiction over Red Rock and the subject matter of the
21 application.

22 3. Notice of the application was provided in accordance with law.

23 4. There is a public need and necessity for water and wastewater service in the proposed
24 service territories as set forth in Exhibit A.

25 5. Red Rock is a fit and proper entity to receive a CC&N to provide water and
26 wastewater service in the proposed areas.

27 6. Staff's recommendations contained in Findings of Fact Nos. 16, 20, 22, 23, 24, 25, 31,
28 33, 34, and 35, as modified by the recommendations contained in Findings of Fact No. 26, are
reasonable and should be adopted.

7. Red Rock Water Company is a defunct corporation and is not acting as a public service corporation.

8. Former officers of Red Rock Water Company received notice of Red Rock Utilities L.L.C.'s application and the intent to seek to cancel Red Rock Water Company's CC&N pursuant to the requirements of A.R.S. § 40-252.

9. It is in the public interest to cancel the CC&N of Red Rock Water Company.

ORDER

IT IS THEREFORE ORDERED that the application of Red Rock Utilities L.L.C. for a Certificate of Convenience and Necessity to provide water and wastewater service to the areas in Pima County, Arizona, described in Exhibit A hereto, is approved.

IT IS FURTHER ORDERED that Red Rock Utilities L.L.C. shall charge the following rates and charges:

WATER

MONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$ 25.00
3/4" Meter	37.50
1" Meter	62.50
1 1/2" Meter	125.00
2" Meter	200.00
3" Meter	375.00
4" Meter	625.00
6" Meter	1,250.00

Gallons included in minimum 0

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-40-5)

5/8" x 3/4" Meter	\$ 400.00
3/4" Meter	440.00
1" Meter	500.00
1 1/2" Meter	715.00
2" Meter Turbo	1,170.00
2" Meter Compound	1,700.00
3" Meter Turbo	1,585.00
3" Meter Compound	2,190.00
4" Meter Turbo	2,540.00

1	4" Meter Compound	3,215.00
	6" Meter Turbo	4,815.00
2	6" Meter Compound	6,270.00

SERVICE CHARGES:

3	Establishment of Service per Rule R14-	
4	2-403.D	\$ 25.00
5	Establishment of Service (After Hours)	
	per Rule R14-2-403.D.2	50.00
6	Re-establishment of Service per Rule	
	14-2-403.D	**
7	Reconnection of Service per Rule R14-	
	2-403.D.1	30.00
8	Charge for Moving Meter at Customer	
9	Request per Rule R14-2-405.B.5	Cost
	After Hours Service Charge, per Hour,	
10	R14-2-403.D	\$50.00
	Minimum Deposit per Rule R14-2-	
11	403.B	*
	Meter Reread per Rule R14-2-408	\$15.00
12	Charge for NSF check per Rule R14-2-	25.00
	409.F.1	
13	Late Payment Charge for Delinquent	1.50%
14	Bills as Defined in Rule R14-2-409C.1	
	Deferred Payment Finance Charge	1.50%
15	R14-2-409.G	

COMMODITY CHARGE RATES

17	<u>5/8" Meter size</u>	
18	From 0 to 5,000 gallons	\$2.40
	From 5,001 to 10,000 gallons	3.15
19	All gallons over 10,000 gallons	3.90
20	<u>All other meter sizes except irrigation</u>	
21	From 0 to 5,000 gallons	\$3.15
	All gallons over 5,000 gallons	3.90
22	<u>All irrigation meter sizes</u>	
23	From 0 to 20,000 gallons	\$3.15
24	All gallons over 20,000	3.90
25	<u>Standpipe or bulk water</u>	
	Per 1,000 gallons	\$3.90

* Per Commission rule A.A.C. R-14-2-403(B).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

WASTEWATERMONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$ 39.50
3/4" Meter	59.25
1" Meter	98.75
1 1/2" Meter	197.50
2" Meter	316.00
3" Meter	592.50
4" Meter	987.50
6" Meter	1,975.00
Treated Effluent per acre foot	\$300.00

SERVICE CHARGES:

Establishment of Service, After Hours (collected only if customer is sewer only)	\$25.00
Re-establishment of Service	**
Reconnection of Service	30.00
After Hours Service Charge, per Hour	50.00
Minimum Deposit	*
Charge for NSF Check	25.00
Late Payment Charge for Delinquent Bills	1.50%
Deferred Payment Finance Charge	1.50%

* Per Commission rule A.A.C. R-14-2-403(B).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).

IT IS FURTHER ORDERED that approval of the Certificate of Convenience and Necessity to provide water service is conditioned upon Red Rock Utilities, L.L.C. 1) filing a tariff consistent with the rates and charges authorized by the Commission within 30 days of the decision in this matter; 2) filing Approvals to Construct the off-site water facilities with 365 days of the effective date of this Decision; and 3) filing a copy of the Analysis of Assured Water Supply approved by the Arizona Department of Water Resources within 24 months of the effective date of this Decision.

IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C.'s Certificate of Convenience and Necessity for water service shall be considered null and void without further order from the

1 Commission should Red Rock Utilities, L.L.C. fail to meet the preceding conditions within the times
2 specified.

3 IT IS FURTHER ORDERD that Red Rock Utilities, L.L.C. shall file copies of the Approvals
4 to Construct for on-site facilities along with the line extension agreements entered into with
5 individual subdividers as the planned development proceeds in phases, and that line extension
6 agreements shall include legal descriptions for the area covered by each Approval to Construct.

7 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C. shall file copies of the
8 Certificates of Assured Water Supply issued by the Arizona Department of Water Resources to
9 individual subdivision developers for individual subdivision plats as the development proceeds.

10 IT IS FURTHER ORDERED that Red Rock Utilities L.L.C. shall docket a backflow
11 prevention and curtailment tariff in Docket Control within 60 days of this Decision.

12 IT IS FURTHER ORDERED that Red Rock Utilities L.L.C shall file a rate application for its
13 water and wastewater systems no later than three months following the fifth anniversary of this
14 Decision including the information required in Finding of Fact 32.

15 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C.'s Certificate of Convenience
16 and Necessity for wastewater service is conditioned upon: 1) filing a copy of the ADEQ Aquifer
17 Protection Permit within 24 months the effective date of this Decision. Red Rock Utilities, L.L.C.'s
18 Certificate of Convenience and Necessity to provide wastewater service shall be considered null and
19 void without further order from the Commission should Red Rock Utilities, L.L.C. fail to meet this
20 condition within the time specified.

21 IT IS FURTHER ORDERED that Red Rock Utilities L.L.C shall file a report on the arsenic
22 levels of the production wells with Docket Control within 365 days of any decision in this matter.

23 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C. shall maintain its books and
24 records in accordance with the NARUC Uniform System of Accounts for water and wastewater
25 utilities.

26 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C. shall notify the Director of the
27 Utilities Division within 30 days of initiating service to water and/or wastewater customers in the
28 proposed service area.

1 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C. shall utilize the depreciation
2 rates as set forth in the Staff Report.

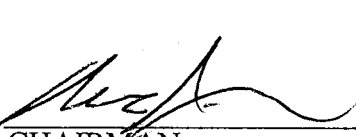
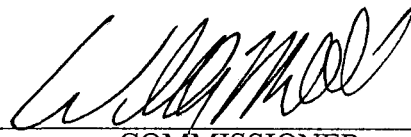
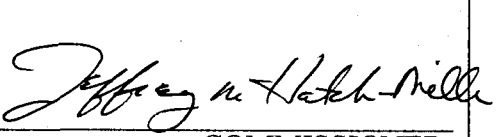


3 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C.'s request for Hook-up Fees is
4 denied.

5 IT IS FURTHER ORDERED that Red Rock Utilities, L.L.C shall notify the Commission
6 prior to any changes in its ownership or managerial control and shall provide proof of a performance
7 bond in the amount of \$250,000 within 30 days of such change.

8 IT IS FURTHER ORDERED that the Certificate of Convenience and Necessity granted to
9 Red Rock Water Company shall be cancelled.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12
13   
14 CHAIRMAN COMMISSIONER COMMISSIONER
15  
16 COMMISSIONER COMMISSIONER

17
18 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
19 Secretary of the Arizona Corporation Commission, have
20 hereunto set my hand and caused the official seal of the
21 Commission to be affixed at the Capitol, in the City of Phoenix,
22 this 2 day of November, 2004.

23 
24 BRIAN C. McNEIL
25 EXECUTIVE SECRETARY

26 DISSENT _____

27 DISSENT _____

28 JR:mj

1 SERVICE LIST FOR:

RED ROCK UTILITIES, L.L.C.

2 DOCKET NO.:

WS-04245A-04-0184

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19 Mr. Ernest Johnson, Director
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24
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27
28



August 3, 2004
WLB No. 100050-A001-1002
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**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
WASTEWATER CC& N AREA**

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona,

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, except the South One-Half of the Southwest Quarter thereof.

All of Section 9, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

The West one-half (W 1/2) of the Southwest Quarter (SW 1/4) of Section 10, Township 10 South, Range 10 East, Gila and Salt River Base and Meridian, Pinal County, Arizona.

See ATTACHMENT "A" for reference.

Prepared By:

THE WLB GROUP, INC.



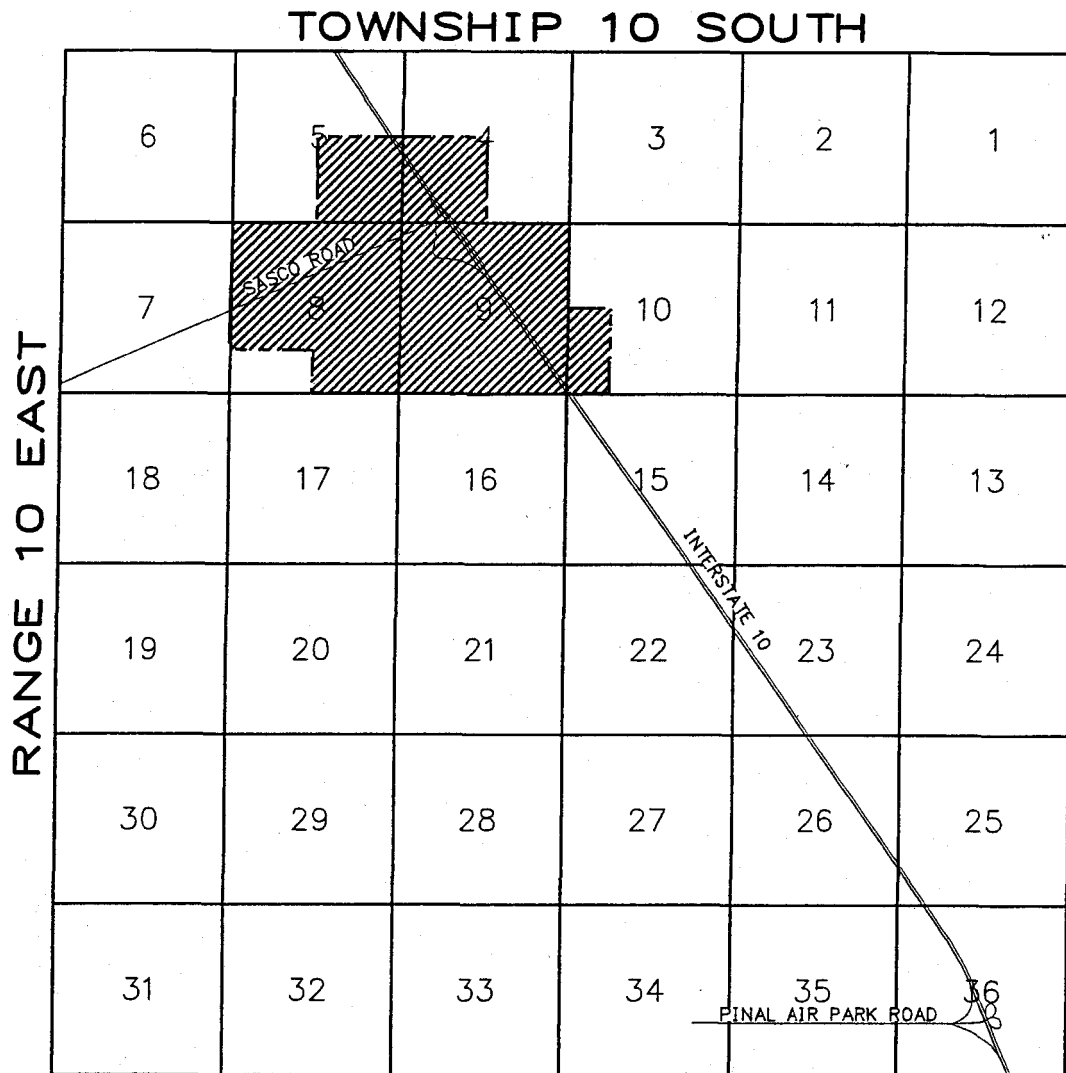
Jack A. Buchanan
JAB:

PINAL
COUNTY

4,5,8,9,10
SECTION

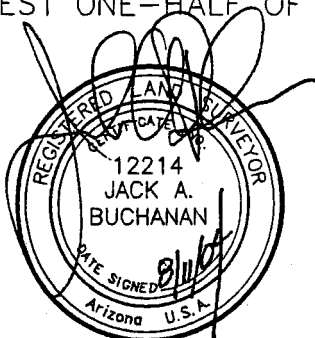
10 SOUTH
TOWNSHIP

10 EAST
RANGE



Legal Description:

SOUTHWEST QUARTER SECTION 4,
SOUTHEAST QUARTER SECTION 5,
ALL OF SECTION 8 EXCEPT THE SOUTH ONE HALF OF THE SOUTHWEST QUARTER,
ALL OF SECTION 9,
WEST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION 10



Red Rock Utilities LLC,
Requested Wastewater
CC & N Area

Revised August 11, 2004
WLB No. 100050-B005-1003X
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**LEGAL DESCRIPTION
RED ROCK UTILITIES L.L.C.
WATER C.C. & N. AREA**

Section 4:

The Southwest Quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona, lying Easterly of the Easterly right-of-way line of Interstate 10 and the Union Pacific Railroad right-of-way; and

That portion of the Southwest quarter of the Southwest quarter of Section 4, Township 10 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona, described as follows:

BEGINNING at the Southwest corner of said Section 4;

Thence North 00° 32' West, along the West boundary of said Section 4, a distance of 679.90 feet;

Thence North 76° 49' East, a distance of 710.30 feet to a point on the Southwesterly boundary of that certain highway known as Interstate 10 as presently located;

Thence Southeasterly along the Southwesterly boundary of said Interstate 10 following the curves and tangents thereof, a distance of 820.00 feet, more or less, to the point of the intersection of the Southwesterly boundary of Interstate 10, with the Northerly boundary of that certain road known as Sasco Road as presently located;

Thence South 66° 50' West along the Northerly boundary of Sasco Road, a distance of 185.00 feet, more or less, to the point of intersection of the Northerly boundary of Sasco Road with the South boundary of said Section 4;

Thence South 89° 51' West along the South boundary of said Section 4, a distance of 810.00 feet, more or less, to the Southwest corner of said Section 4 and the POINT OF BEGINNING.

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Section 5:

The Southeast Quarter of Section 5, Township 10 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona, except any portion lying within the right-of-way of Interstate 10; and

EXCEPTING that portion described as follows:

BEGINNING at the Southeast corner of said Section 5;

Thence Westerly along the Southern boundary of said Section 5, a distance of 512.29 feet;

Thence Northerly and parallel to the Eastern boundary of said Section 5, a distance of 16 feet;

Thence Easterly and parallel to the Southern boundary of said Section 5, a distance of 512.29 feet;

Thence Southerly along the Eastern boundary of said Section 5, a distance of 16 feet to the POINT OF BEGINNING;

And ALSO EXCEPTING that portion of said Southeast Quarter lying north of and easterly of the following described line;

Commencing at the ¾ inch pipe being the Southeast corner of said Section 5;

Thence North 00° 00' 00" East, along the East line of the Southeast quarter of said Section 5, a distance of 931.43 feet to the TRUE POINT OF BEGINNING, said point being 1,751.75 feet South of a 2 inch open pipe which is the East quarter corner of said Section 5;

Thence South 88° 59' 52" West, a distance of 182.65 feet;

Thence North 06° 07' 46" West, a distance of 440.59 feet;

Thence North 00° 38' 48" West, a distance of 60.00 feet;

Thence North 89° 21' 46" West, a distance of 46.00 feet;

Thence North 01° 50' 17" West, a distance of 133.96 feet;

Thence North 16° 24' 02" West, a distance of 258.25 feet;

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The
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Thence North 22° 35' 44" West, a distance of 960.32 feet to the POINT OF TERMINUS on the North line of the Southeast Quarter of said Section 5.

Section 8:

All of Section 8, Township 10 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona, Except the South One-Half of the Southwest Quarter thereof.

EXCEPTING any portion lying within the following described tract;

BEGINNING at the Northeast corner of said Section 8;

THENCE West along the North boundary line of said Section 8, a distance of 512 feet to a point;

THENCE South parallel with the East boundary line of said Section 8, a distance of 512 feet to a point;

THENCE East 512 feet to a point on the East boundary line of said Section 8;

THENCE North a distance of 512 feet to the POINT OF BEGINNING.

And ALSO EXCEPTING any portion lying within the following described tract;
 The West 132 feet of the East 644 feet of the North 512 feet of Section 8, Township 10 South, Range 10 East of the Gila and Salt River Base Meridian, Pinal County, Arizona.

Section 9:

All of Section 9, Township 10 South, Range 10 East of the Gila and Salt River Meridian, Pinal County, Arizona, Except any portion thereof within right-of-way of Interstate 10 and the Union Pacific Railroad;

EXCEPT that portion described as follows:

Commencing at the Northwest corner of said Section 9;

Thence South 00° 10' 52" West along the West line of said Section 9, a distance of 431.07 feet to the intersection of the West line of said Section 9 and a line parallel to and 50.00 feet Southerly of the centerline of Sasco Road as it now exists;

Thence North 67° 19' 22" East, parallel to and 50.00 feet Southerly of the centerline of Sasco Road, a distance of 771.10 feet to the TRUE POINT OF BEGINNING;

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Thence continue North 67° 19' 22" East, a distance of 200.00 feet;

Thence South 22° 40' 38" East, a distance of 150.00 feet;

Thence South 67° 19' 22" West, a distance of 200.00 feet;

Thence North 22° 40' 38" West, a distance of 150.00 feet to the TRUE POINT OF BEGINNING;

And ALSO EXCEPTING that portion described as follows:

Commencing at the Northwest corner of said Section 9;

Thence South 00° 10' 52" West along the West line of said Section 9, a distance of 431.07 feet to the intersection of the West line of said Section 9 and a line parallel to and 50.00 feet Southerly of the centerline of Sasco Road as it now exists;

Thence North 67° 19' 22" East, parallel to and 50.00 feet Southerly of the centerline of Sasco Road, a distance of 671.10 feet to the TRUE POINT OF BEGINNING;

Thence continue North 67° 19' 22" East, a distance of 100.00 feet;

Thence South 22° 40' 38" East, a distance of 150.00 feet;

Thence South 67° 19' 22" West, a distance of 100.00 feet;

Thence North 22° 40' 38" West, a distance of 150.00 feet to the TRUE POINT OF BEGINNING;

And ALSO EXCEPTING that portion described as follows:

Commencing at the Northwest corner of said Section 9;

Thence South 00° 10' 52" West along the West line of said Section 9, a distance of 431.07 feet to the intersection of the West line of said Section 9 and a line parallel to and 50.00 feet Southerly of the centerline of Sasco Road as it now exists;

Thence North 67° 19' 22" East parallel to and 50.00 feet Southerly of the centerline of Sasco Road, a distance of 971.10 feet to the TRUE POINT OF BEGINNING;

Thence continue North 67° 19' 22" East, 115.75 feet to a point on the westerly line of the Interstate 10 Red Rock Interchange right-of-way, being on a non-tangent curve, concave

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Westerly, the center of said curve bears South 75° 44' 03" West, a distance of 1045.92 feet;

Thence Southerly along said right-of-way line and the arc of said curve, through a central angle of 07° 17' 12", a distance of 133.02 feet to a point of non-tangency;

Thence South 67° 19' 22" West, a distance of 42.99 feet;

Thence South 22° 19' 22" West, a distance of 28.28 feet;

Thence south 67° 19' 22" West, a distance of 25.00 feet;

Thence North 22° 40' 38" West, a distance of 150.00 feet to the TRUE POINT OF BEGINNING.

And ALSO EXCEPTING the following described parcel:

COMMENCING at the Southeast corner of the Southeast quarter of said Section 9;

THENCE North 89° 56' 53" West along the South line of said Southeast quarter a distance of 58.87 feet to a point on the West right of way line of Interstate 10 and the POINT OF BEGINNING;

THENCE continue North 89° 56' 53" West, along said South line, a distance of 1,700.25 feet to the East line of an El Paso natural gas easement;

THENCE North 37°51'09" West along said East line a distance of 1,365.93 feet;

THENCE North 54°47'04" East a distance of 1,444.28 feet to said West right of way line;

THENCE South 35°22'56" East along said right of way line a distance of 856.29 feet;

THENCE South 35°22'45" East along said right of way line a distance of 1,494.12 feet to the POINT OF BEGINNING.

Section 10:

The west one-half of the Southwest Quarter (SW ¼) of Section 10, Township 10 South, Range 10 East, Gila and Salt River Meridian, Pinal County, Arizona. Except any portion thereof within right-of-way of Interstate 10 and the Union Pacific Railroad.

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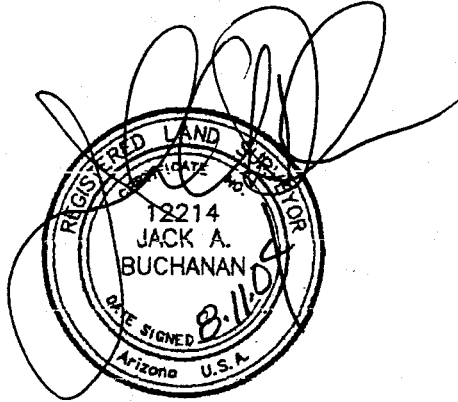
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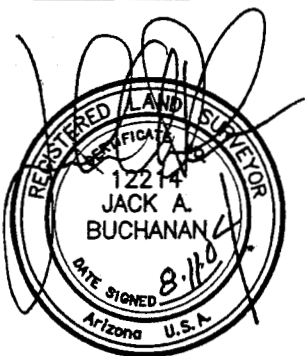
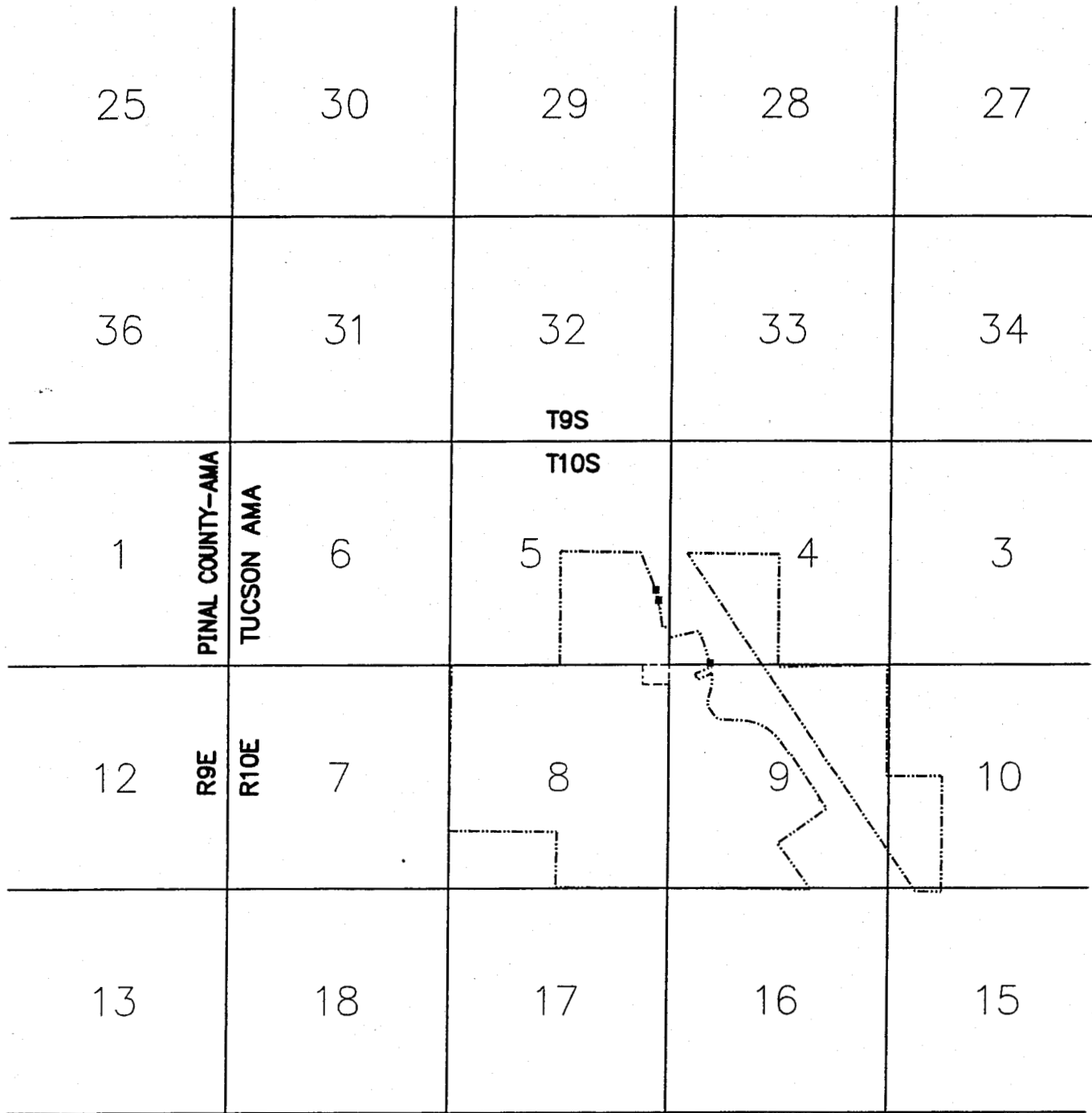
See ATTACHMENT "B" for reference.

Prepared By:

THE WLB GROUP, INC.

Jack A. Buchanan
JAB:

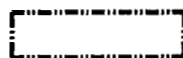




RED ROCK VILLAGE
Requested Water CC & N Area

ATTACHMENT "B"

Not to Scale



Red Rock Utilities LLC,
Requested Water CC & N Area

The
WLB
Group

WLB



DECISION NO. 67409

WLB No. 100050-B-001

Red Rock Utilities, L.L.C.
Docket Number WS- 04245A-04-0184
New C C & N Application

Schedule CRM-W-4 Page 1 of 2

RATE SCHEDULE - WATER

Monthly Minimum Charge	-Proposed Rates-	
	Company	Staff
5/8" x 3/4" Meter Size	25.00	\$25.00
3/4" Meter Size	25.00	37.50
1" Meter Size	62.50	62.50
1 1/2" Meter Size	125.00	125.00
2" Meter Size	200.00	200.00
3" Meter Size	400.00	375.00
4" Meter Size	625.00	625.00
6" Meter Size	1,250.00	1,250.00
Gallons in Minimum	0	0
Commodity Charge Proposed Rates:		
<u>5/8X3/4 inch meter size</u>		
From 0 to 5,000 gallons	2.40	n/a
All gallons over 5,000 gallons	3.15	n/a
From 0 gallons to 5,000 gallons	n/a	2.40
From 5,001 gallons to 10,000 gallons	n/a	3.15
All gallons over 10,000 gallons	n/a	3.90
<u>All other meter sizes except irrigation</u>		
From 0 gallons to 5,000 gallons	2.40	\$3.15
All gallons over 5,000 gallons	3.15	3.90
<u>All irrigation meter sizes</u>		
From 0 gallons to 20,000 gallons	2.40	3.15
All gallons over 20,000 gallons	3.15	3.90
<u>Standpipe or bulk water</u>		
per 1,000 gallons	3.50	3.90
<u>Hook-up fees</u>		
5/8" x 3/4" Meter Size	1,000	0.00
3/4" Meter Size	1,000	0.00
1" Meter Size	2,500	0.00
1 1/2" Meter Size	5,000	0.00
2" Meter Size	8,000	0.00
3" Meter Size	16,000	0.00
4" Meter Size	25,000	0.00
6" Meter Size	50,000	0.00

Red Ock Utilities L.L.C.
Docket Number WS- 04245A-04-0184
New C C & N Application

Schedule CRM-W-4 Page 2 of 2

Service Charges

Establishment of Service per Rule R14-2-403.D	25.00	\$25.00
Establishment of Service After Hours per Rule R14-2-403.D.2	50.00	50.00
Re-establishment of Service per Rule 14-2-403.D	see a.	**
Reconnection of Service per Rule R14-2-403.D.1	30.00	30.00
Charge for Moving Meter at Customer Request per Rule R14-2-405.B.5	@ Cost	Cost
After Hours Service Charge, per Hour, R14-2-403.D	50.00	50.00
Minimum Deposit per Rule R14-2-403.B	n/a	*
Meter Reread per Rule R14-2-408	15.00	15.00
Charge for NSF check per Rule R14-2-409.F.1	25.00	25.00
Late Payment Charge for Delinquent Bills as Defined in Rule R14-2-409.C.1	1.50%	1.50%
Deferred Payment Finance Charge R14-2-409.G	1.50%	1.50%

Service Line and Meter Installation Charges

5/8" x 3/4" Meter	\$400.00	\$400.00
3/4" Meter	440.00	440.00
1" Meter	500.00	500.00
1½" Meter	715.00	715.00
2" Meter Turbo	1,170.00	1,170.00
2" Meter Compound	1,700.00	1,700.00
3" Meter Turbo	1,585.00	1,585.00
3" Meter Compound	2,190.00	2,190.00
4" Meter Turbo	2,540.00	2,540.00
4" Meter Compound	3,215.00	3,215.00
6" Meter Turbo	4,815.00	4,815.00
6" Meter Compound	6,270.00	6,270.00

* Per Commission Rules (R14-2-403.B)

** Months off system times the minimum (R14-2-403.D)

Red Rock Utilities, L.L.C.
Docket No. WS-04245A-04-0184
New C C & N Application

Schedule CRM-WW-4

RATE SCHEDULE - WASTEWATER

Based on Water Usage

Monthly Minimum Charge

5/8 x3/4
3/4"
1"
1 1/2 "
2"
3
4"
6'

-Proposed Rates-

Company	Staff
\$39.50	\$39.50
\$39.50	\$59.25
\$98.75	\$98.75
197.50	197.50
316.00	316.00
632.00	592.50
987.50	987.50
1,975.00	1,975.00

Treated Effluent per Acre Foot

300.00 300.00

Hook-up Fee

Water

Meter Size

5/8x3/4
3/4"
1
1 1/2
2"
3"
4"
6"

2,000.00	0.00
2,000.00	0.00
5,000.00	0.00
10,000.00	0.00
16,000.00	0.00
32,000.00	0.00
50,000.00	0.00
100,000.00	0.00

Service Line Connection Charge

- ✓ Establishment of Service
- ✓ Establishment of Service, After Hours
(Collected only if customer is sewer only)
- ✓ Re-establishment of Service
- ✓ Reconnection of Service
- ✓ After Hours Service Charge, per Hour
- ✓ Minimum Deposit
- ✓ Charge for NSF Check
- Late Payment Charge for Delinquent Bills
- Deferred Payment Finance Charge

25.00	25.00
50.00	
30.00	30.00
50.00	50.00
2X monthly bill	
25.00	25.00
n/a	1.50%
1.50%	1.50%

Main Extension and Additional Facilities Agreements.

Cost (b) "Remove"

* Per Commission Rules (R-14-2-603.B)

** Months off system times minimum (R14-2-603.D)